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Follow-up to and implementation of the outcome of the International Conference on Financing for Development

Draft resolution submitted by the Vice-Chairman of the Committee, Mr. Selwin Charles Hart (Barbados), on the basis of informal consultations held on draft resolution A/C.2/60/L.6

Follow-up to and implementation of the outcome of the International Conference on Financing for Development

The General Assembly,

Recalling the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002, 58/230 of 23 December 2003 and 59/225 of 22 December 2004, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003 and 2004/64 of 16 September 2004,

Taking note of the reports of the Secretary-General on the follow-up to and implementation of the outcome of the International Conference on Financing for Development, prepared in collaboration with the major institutional stakeholders,[1]

Taking note of other relevant reports of the Secretary-General on the follow-up to and implementation of the outcome of the International Conference on Financing for Development,[2]

Having considered the *World Economic and Social Survey 2005: Financing for Development*,[3]

Recalling the 2005 World Summit Outcome,[4]

Having considered the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods

[1] A/60/289 and A/59/822.
[2] A/59/800, A/59/855 and A/60/289/Add.1.
[3] United Nations publication, Sales No. E.05.II.C.1.
[4] See resolution 60/1.

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institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held in New York on 18 April 2005,[5]

Welcoming the High-level Dialogue on Financing for Development which was held in New York on 27-28 June 2005 and the separate meeting on Financing for Development held within the framework of the High-level Plenary Meeting of the General Assembly on 14 September 2005,

Having also considered the summary by the President of the General Assembly of the High-level Dialogue on Financing for Development,[6]

Reaffirming the commitment to the global partnership for development set out in the United Nations Millennium Declaration,[7] the Monterrey Consensus,[8] the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation")[9] and the 2005 World Summit Outcome,

Reaffirming that each country must take primary responsibility for its own development, and that the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development, and also recognizing that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty,

Recognizing the ongoing international efforts, contributions and discussions, such as the Action against Hunger and Poverty Initiative, aimed at identifying and developing possible innovative and additional sources of financing for development from all sources, public and private, domestic and external, to increase and supplement traditional sources of financing within the context of the follow-up to the International Conference on Financing for Development, recognizing that some of the sources and their use fall within the realm of sovereign action,

Underlining that the increasing interdependence of national economies in a globalizing world and the emergence of rule-based regimes for international economic relations have meant that the space for national economic policy, that is, the scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global market considerations; that it is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space; and that it is particularly important for developing countries, bearing in mind development goals and objectives, that all countries take into account the need for appropriate balance between national policy space and international disciplines and commitments,

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[5] A/59/823-E/2005/69.

[6] A/60/219.

[7] See resolution 55/2.

[8] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[9] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

Reiterating the need to implement fully and build further on the commitments made and agreements reached at the International Conference on Financing for Development, and recognizing the strong link between financing for development and the achievement of the internationally agreed development goals, including the Millennium Development Goals,

Welcoming the recent decisions, commitments and proposals made in this regard to implement and build on the commitments made and agreements reached at the International Conference on Financing for Development,

1. *Underlines*, in accordance with the Monterrey Consensus:

(a) The importance of the implementation of the commitment to sound policies, good governance at all levels and the rule of law;

(b) The importance of the implementation of the commitment to create an enabling environment for mobilizing domestic resources and the importance of sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure as a basis for sustained economic growth, poverty eradication and employment creation;

(c) The importance, in order to complement national development efforts, of the implementation of the commitment to enhance the coherence and consistency of international monetary, financial and trading systems;

2. *Welcomes* the efforts by developing countries to adopt and implement national development strategies to achieve their national development priorities as well as the internationally agreed development goals and objectives including the Millennium Development Goals, and reaffirms the commitment, for those countries that have not yet done so, to adopt by 2006 and implement such strategies, and also reaffirms the need to continue to support these efforts as set out in the 2005 World Summit Outcome, especially through increased resources;

3. *Stresses* the importance of a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, that can substantially stimulate development worldwide, benefiting countries at all stages of development; in that regard, reaffirms its commitment to trade liberalization and to ensuring that trade plays its full part in promoting economic growth, employment and development for all; thus welcomes the decisions of the World Trade Organization to place the needs and interests of developing countries at the heart of its work programme, and commits itself to their implementation; and in this regard, emphasizes the importance of fulfilling the development dimension of the Doha work programme and the successful completion of the Doha round as soon as possible;

4. *Notes* that, while foreign direct investment is a major source of financing development, the flow of such funds to developing countries and countries with economies in transition remains uneven, and in this regard calls upon developed countries to continue to devise source-country measures to encourage and facilitate the flow of foreign direct investment inter alia through the provision of export credits and other lending instruments, risk guarantees and business development services, and calls upon developing countries and countries with economies in transition to continue their efforts to create a conducive domestic environment for

attracting investments by, inter alia, achieving a transparent, stable and predictable investment climate with proper contract enforcement and respect for property rights;

5. *Reaffirms* paragraph 42 of the Monterrey Consensus and welcomes recent commitments and progress by those developed countries that have established timetables to achieve, or exceed, the target of 0.7 per cent of gross national product for official development assistance by 2015 and to reach at least 0.5 per cent of gross national product for official development assistance by 2010 as well as, pursuant to the Brussels Programme of Action for the least developed countries, 0.15 per cent to 0.20 per cent for the Least Developed Countries by no later than 2010, and urges those developed countries that have not yet done so to make concrete efforts in this regard in accordance with their commitments, and encourages developing countries to build on progress achieved in ensuring that official development assistance is used effectively to help achieve development goals and targets;

6. *Recognizes* the importance of official development assistance as an important source of financing development for many developing countries, and stresses the need to translate increases in official development assistance into increases in resources for national development strategies, to achieve their national development priorities as well as the internationally agreed development goals and objectives including the Millennium Development Goals, taking into account the need for resource predictability including budget support mechanisms where appropriate; also, welcomes recent efforts and initiatives to enhance the quality of aid and increase its impact, including the Paris Declaration on Aid Effectiveness, and resolves to take concrete, effective and timely action in implementing all agreed commitments on aid effectiveness, with clear monitoring and deadlines, including through further aligning assistance with countries' strategies, building institutional capacities, reducing transaction costs and eliminating bureaucratic procedures, making progress on untying aid, enhancing the absorptive capacity and financial management of recipient countries and strengthening the focus of development results; also encourages the broadest possible participation of developing countries in future work on aid effectiveness;

7. *Recognizes* the value of developing innovative sources of financing for development, provided that such sources do not unduly burden developing countries and in this context recognizes the progress achieved in developing and advancing implementation by some countries, utilizing their national authorities, of innovative and additional sources of financing, including the International Financial Facility and its immunization pilot and solidarity contribution on plane tickets to enable financing development projects, particularly in the health sector, and notes that other countries are considering whether and to what extent they will participate in those initiatives;

8. *Decides* to give further consideration to the subject of innovative development financing mechanisms and techniques from all sources public and private, domestic and external;

9. *Emphasizes* the importance of microcredit and microfinance in the eradication of poverty and highlights that the observance of the International Year of Microcredit 2005 has provided a significant opportunity to raise awareness, to share best practices and to further enhance financial sectors that support sustainable pro-poor financial services in all countries, and in this regard urges member countries to

put best practices into action and invites the international community including the United Nations system to build on the momentum created by the Year;

10. *Stresses* the importance of investments in basic economic and social infrastructure, as set out in the Monterrey Consensus, and notes that scaling up investment in infrastructure, alongside strong programmes for health and education, is a key element for faster growth and progress in reducing poverty and, in this regard, calls for continued deepening and scaling up of support for infrastructure service delivery and removal of impediments, in order to respond to the needs of developing countries, consistent with national development strategies; welcomes the progress made by the Bank Group to strengthen public-private partnerships to leverage investment and maximize impact, including in the framework of the newly established Africa Infrastructure Consortium, acknowledges the work of the World Bank in this area, including plans for a progress report to the Development Committee on the impact of fiscal space on growth and the achievement of the Millennium Development Goals;

11. *Emphasizes* the high importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries, since debt financing and relief can be an important source of capital for economic growth and development, and emphasizes that creditors and debtors must share responsibilities for preventing unsustainable debt situations;

12. *Welcomes*, in this regard, the recent proposal of the Group of Eight as endorsed by the Bretton Woods institutions at their 2005 annual meetings to cancel 100 per cent of the outstanding debt of eligible heavily indebted poor countries owed to the International Monetary Fund, the International Development Association and the African Development Fund, and to provide additional resources to ensure that the financing capacity of the international financial institutions is not reduced;

13. *Emphasizes* that corruption at all levels is a serious barrier to development and to effective resource mobilization and allocation, reaffirms the commitment expressed in the Monterrey Consensus to make the fight against corruption at all levels a priority, and in this regard welcomes the entry into force on 14 December 2005 of the United Nations Convention against Corruption,[10] and reiterates its invitation to all Member States and competent regional economic integration organizations within the limits of their competence to ratify or accede to, and fully implement the Convention as soon as possible;

14. *Acknowledges* the role that the private sector can play in generating new financing for development, and stresses the importance of pursuing appropriate policy and regulatory frameworks at the national level, in a manner consistent with national laws, to foster a dynamic and well-functioning business sector to increase economic growth and reduce poverty, while recognizing that the appropriate role of Government in market-oriented economies will vary from country to country;

15. *Recognizes* the work of the Financing for Development Office in organizing, within its mandate, workshops, multi-stakeholder consultations, panel discussions, and other activities aimed at better enabling member countries to implement their commitments as agreed in the Monterrey Consensus, and requests

[10] Resolution 58/4, annex.

the Office, in collaboration with experts from the public and private sector, academia and civil society, to continue its work in this area;

16. *Reiterates its request* to the Secretary-General to consult with the Director-General of the World Trade Organization in order to expand existing cooperation between the two organizations on issues related to financing for development and to build on the ad hoc modalities of interaction between the United Nations and the World Trade Organization that were undertaken in the preparations for the International Conference on Financing for Development held in 2002 by making better use of the possibilities offered by the existing framework of cooperation;

17. *Decides* in accordance with paragraph 73 of the Monterrey Consensus to hold a follow-up international conference on Financing for Development to review the implementation of the Consensus at a time between 2008 and 2009, and in this regard welcomes the offer of the Government of Qatar to host this conference,

18. *Also decides* that, in line with paragraph 71 of General Assembly resolution 57/270 B, the review conference should assess progress made, reaffirm goals and commitments, share best practices and lessons learned, identify obstacles and constraints encountered, actions and initiatives to overcome them, and important measures for further implementation, as well as new challenges and emerging issues;

19. *Further decides* to commence the preparatory process including a decision on the exact date of that conference at the sixty-first session of the General Assembly;

20. *Resolves* to continue to make full use of the existing institutional arrangements for reviewing the implementation of the Monterrey Consensus, as set out in paragraph 69 of the Consensus, including the High-level Dialogues in the General Assembly and the Spring meetings of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development;

21. *Stresses* the importance of the full involvement of all relevant stakeholders in the implementation of the Monterrey Consensus of the International Conference on Financing for Development at all levels, and also stresses the importance of their full participation in the Monterrey follow-up process, in accordance with the rules of procedure of the General Assembly, in particular the accreditation procedures and modalities of participation utilized at the Conference and in its preparatory process;

22. *Decides* to include in the provisional agenda of the sixty-first session of the General Assembly the item entitled "Follow-up to and implementation of the outcome of the International Conference on Financing for Development", and requests the Secretary-General to submit under this item an annual analytical assessment of the state of implementation of the Monterrey Consensus and of the present resolution to be prepared in full collaboration with the major institutional stakeholders.